

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Three)

Docket No. RM2022-9

PUBLIC REPRESENTATIVE COMMENTS

(August 12, 2022)

I. INTRODUCTION

The Public Representative hereby provides comments in response to Commission Order No. 6223.¹ In that order, the Commission established Docket No. RM2022-9 to receive comments from interested persons, including the undersigned Public Representative, that address the Postal Service's petition to change analytical principles related to periodic reporting.² The Postal Service filed the Petition pursuant to 39 C.F.R. § 3050.11. Petition, Proposal at 1.

II. SUMMARY

Proposal Three seeks a change in the Revenue, Pieces, and Weight (RPW) reporting methodology, specifically for measuring the country-level totals of contract mailpieces in outbound international product categories bearing permit-imprint indicia. Petition at 1. The proposed methodology would replace statistical sampling estimates from the System for International Revenue and Volume, Outbound, and International Origin Destination Information System (SIRVO) and estimates from Global Business System Dispatch (GBS Dispatch) with census destination country information. *Id.*

¹ Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Three), July 12, 2022 (Order No. 6223).

² Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Three), July 8, 2022 (Petition).

According to the Postal Service, these changes will provide more accurate country-level analyses by incorporating more granular census information into the RPW reporting system. *Id.*

III. BACKGROUND

Proposal Three would replace the current RPW reporting methodology for measuring country-level totals of contract mailpieces in outbound international product categories bearing permit-imprint indicia. Petition at 1. The proposed changes affect Priority Mail International (PMI), First-Class Package International Service (FCPIS), Priority Mail Express International (PMEI), First-Class Mail International (FCMI), International Priority Airmail (IPA), International Surface Airlift (ISAL), and Commercial ePackets (CEPK). *Id.* Under the proposed methodology, the Postal Service would replace sampling estimates from the SIRVO and estimates from the GBS Dispatch with census destination country information. *Id.*

The current methodology for international outbound mail contract activity relies on statistical estimates from the SIRVO probability sampling system and several census sources; primarily PostalOne! and PC Postage data. *Id.* at 3. Country-level detail cannot be obtained from the PostalOne! System and as a result the Postal Service develops estimates using aggregated GBS Dispatch data and SIRVO sample data of permit-imprint mail. *Id.* at 4. These approximations are summed to national totals in the RPW report. The SIRVO system produces point estimates that can contain sampling errors or recording errors that result in imprecise country-level data. *Id.* According to the Postal Service, “the country-level approximations do not affect the reliability of RPW national totals, but they do impact analyses of international outbound mail which rely on country-level detail; in particular, analyses of Negotiated Service Agreement (NSA) contracts.” *Id.*

Postage PC is a third-party vendor software approved by the Postal Service that allows mailers to pay for and print postage using a computer, printer, and internet connection. Notice at 2. To indicate postage payment, postage evidencing systems print information-based indicia (IBI), which mailers place on a mailpiece or a label affixed to a mailpiece. *Id.* The National Meter Account Tracking System (NMATS) records PC Postage payment transactions. PC Postage data used in the RPW reporting process

comes from a secondary NMATS report. Country-level detail cannot be obtained directly from this report and therefore the Postal Service develops estimates using data from the primary NMATS report. *Id.* at 4. These estimations can result in imprecision to the analyses of international outbound mail, notably to NSA's. *Id.*

The Postal Service's proposal seeks to replace the SIRVO sampling estimates and the GBS Dispatch estimates used in the existing RPW reporting methodology with granular census data. *Id.* at 5. For PostalOne!, the Postal Service proposes the use of two auxiliary data sources for permit-imprint contract pieces; manifest information for PostalOne! customers who use the Electroic Verification System (eVS), and barcodes of mailer prepared receptacles in the GBS Dispatch System for other customers. *Id.* For PC Postage contract pieces, the Postal Service would utilize a disaggregated NMATS report containing activity by individual contract and product to determine destination-country information. *Id.*

According to the Postal Service, while the proposed changes will not impact the "national totals of outbound international contract mail pieces reported in the RPW", by utilizing contract-specific destination-country information from auxiliary data sources, the same data used for RPW national totals could also be used for more precise analyses of individual NSA's. *Id.* at 5-6. Furthermore, these changes will eliminate the impacts of sampling error and GBS approximation errors present in the current methodology. *Id.* at 6.

The Postal Service provides a comparison of FY 2022 Quarters 1 and 2 RPW results for International Outbound Mail and Special Services under the current methodology and the proposed methodology. Attachment A at 1. According to the Attachment, the product most impacted by this proposal is Outbound First-Class Mail; the proposed changes would result in a 1.6 percent revenue decrease and a 2.2 percent decline in volume. *Id.* at 7. According to the Postal Service, other categories indirectly impacted include U.S. Postal Service Mail, Free Mail, and International Ancillary Services. *Id.* Total outbound international revenue decreases by 0.2 percent and total volume decreases by 1.3 percent. *Id.* The Postal Service also filed a nonpublic version of Attachment A under seal that provides further data disaggregation.³

³ See Library Reference USPS-RM2022-9/NP1, July 8, 2022.

The Postal Service lists several recent dockets approved by the Commission that resulted in similar replacements of statistical estimates with census data. Petition at 2. In Docket No. RM2016-7 the Commission approved a change to RPW estimates for Outbound First-Class Mail International, Outbound Priority Mail International, First-Class Package International Service, Outbound Direct Sacks (M-bags), and Free Mail which allowed the Postal Service to use additional census data.⁴ In Docket No. RM2020-12 the Commission approved a change for measuring national totals of non-contract mailpieces in outbound international product categories.⁵

COMMENTS

Based upon a review of the Postal Service's filing including workpapers filed under seal, the Public Representative finds that Proposal Three improves the accuracy of the Postal Service's reporting. Specifically, the Public Representative finds that the proposed change would allow for more precise reporting of PostalOne! and PC Postage data at the destination-country level.

Additionally, the Public Representative finds that the Postal Service's proposal to replace sampling estimates from the SIRVO sampling system and estimates from the GBS Dispatch with census destination country information will help avoid estimation sampling errors that result from limitations in the current system. The Postal Service demonstrates through its Attachment A and the supporting documents filed under seal how the proposal will affect quarterly RPW reporting. Furthermore, the proposed changes provide continued improvement to the quality of RPW reporting and are in line with changes approved by the Commission in prior dockets.

For the reasons discussed above, the Public Representative supports Proposal Three and recommends its approval. The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

⁴ See Docket No. RM2016-7, Order Approving Analytical Principles Used in Periodic Reporting (Proposal One), July 17, 2016 (Order No. 3377).

⁵ See Docket No. RM2020-12, Order Approving Analytical Principles Used in Periodic Reporting (Proposal Five), September 28, 2020 (Order No. 5700).

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